

Following is a transcript of President Reagan's news conference in Washington last night, as recorded by The New York Times through the facilities of ABC News:

OPENING STATEMENT

the keeping of a tight rein on the deficit, the second cut. Those who are not paying their taxes cut the deficit by 10 percent cut next reductions in the increase in the deficit. The third cut is in government savings, finally have to cut the deficit. I've got ahead.

Q. You say that 1.6 percent last year after last year. It's averaged 1.6 percent so far this year. Do you think that the tax incentives they're essential to the recovery. Is that why you're not cutting the deficit in our on scrapping the deficit and indexing, and the fairness, low and

war history. I told the American people it would be tough; there was no quick fix or magic wand. But if we believe in the American dream, if we believe, we could turn the economy around and have a future filled with opportunity and hope.

Q. You've brought interest rates down although certainly not nearly enough. While prices are still increasing, these increases are only half what they were a year ago. Do you think the Americans is growing for the first time in years, and we've had the first increase in real wages in three years.

A. I think we're making progress. We may remain stubbornly naïve for a time, and too many Americans are still sticking economically, but we are beginning to make a shift. And if we stick to our plan, if we keep the Congress from going back to its runaway spending, the recovery will take hold, strengthen and endure. End of statement.

Heintz?

Israel and Lebanon

Q. Mr. President, by all accounts Secretary Baker is a very capable and experienced manager. Do you not think that you are resigning several times; why do you accept the resignation?

Tuition Tax Credits

Q. Mr. President, your proposal to grant tax credits on income tax to the parents of the children who attend private schools is now under attack, as you know, on the Hill. The critics say that this will cost a billion and a half dollars a year eventually; it will help the rich; it'll help schools that dis-

And, as I say, the economics of it points out that this — this is benefiting those people at the lower and middle-income ranges.

And now I know that many say that they will continue to try for an amendment. And I just wonder if any of them have ever thought how much of that effort, and the resources that are employed in that, if used in behalf of this program that I've just mentioned, if they could not achieve what it is they want to achieve and much faster, just as we did in California, and eliminate it and we're going to continue to try and do that.

Yes Sam.

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...not ready to make a decision on a matter of that kind. But I can answer your question more completely: No, I've not been telling anyone around that I won't run again. I have at times even expressed the idea to them that it would be unlike me, I think, to back away from an unfinished job. I've suggested that they shouldn't waste their time reading the Help wanted ads.

Well, that seems — the legalities announcing aside — that seems to indicate to us that you would be indicating you're leaning in favor of running.

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...preparations was deeply educated
...world of professional sports.
...even you the record as Governor
...since then. And it's kind of frus-
...g, it really does bother me. I
...sometimes one of them would tell
...that it is, but I just wonder some-
...if some of those critics aren't
...d more by politics than — Judy?

Use of Cluster Bombs

...Mr. President, some Israeli offi-
...have acknowledged, in recent

on July 12.